

MMA Technical Assistance

Low-Income Issues



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Purpose of the Presentation

- **Provide an overview of the low-income subsidy program**
 - Full subsidy eligibles
 - Other low-income subsidy eligibles
 - Data from states and SSA that CMS will provide Part D plans
- **Discuss dual eligible issues**

Low-Income Subsidy Assistance – The Basics

- Designed to provide low-income Medicare beneficiaries extra assistance with premium and cost sharing under the new drug benefit.
- Eligibility determination for low-income subsidies will rest with either the State Medicaid Agency or Social Security Administration.
- Low income subsidy applicants will have to meet an income and asset test.

Low-Income Subsidy Assistance – The Basics

- **Certain groups are automatically eligible for a full subsidy.**
 - **Full-Benefit Dual Eligible Individuals**
 - **SSI recipients**
 - **Medicare Savings Program Groups (QMBs, SLMBs, and QIs)**
- **There are special protections for full benefit dual eligibles.**

General Overview of Subsidy Categories

1. Full Subsidy

- Full premium assistance up to the premium subsidy amount
- Nominal cost sharing up to out-of-pocket threshold
- Deemed groups fall into this category.
- Full benefit duals can get further reductions in cost sharing.
- No coverage gap.

2. Other Low-Income Subsidy

- Sliding scale premium assistance,
- Reduced deductible
- Reduced coinsurance
- No coverage gap.

Full Subsidy

Full Subsidy Sub-category	% of Premium Subsidy Amount	Copayment
Full-benefit dual eligible – institutionalized individual	100%	\$0
Full-benefit dual eligible– Income at or below 100% FPL (non-institutionalized individual)	100%	<u>up to out-of-pocket limit</u> Not to exceed \$1- generic/preferred multiple source and \$3-other drugs * <u>above out-of-pocket limit</u> - \$0
Full-benefit dual eligible – Income above 100% FPL (non-institutionalized individual)	100%	<u>up to out-of-pocket limit</u> Not to exceed \$2- generic/preferred multiple source and \$5-other drugs <u>above out-of-pocket limit</u> - \$0
Non-full benefit dual eligible beneficiary with --Income below 135% FPL --Assets that do not exceed \$6,000/\$9,000 limit	100%	<u>up to out-of-pocket limit</u> Not to exceed \$2- generic/preferred multiple source and \$5-other drugs <u>above out-of-pocket limit</u> - \$0

*Numbers are for 2006


Other Low-income Subsidy

Other Low-income Subsidy Sub-category	% of Premium Subsidy Amount	Cost Sharing
Non-full benefit dual eligible Beneficiary - with income below 135% FPL, and - with assets that exceed \$6,000 but do not exceed \$10,000 (individuals) or with assets that exceed \$9,000 but do not exceed \$20,000 (couples)	100%	<u>up to out-of-pocket limit</u> \$50 deductible 15% coinsurance <u>above out-of-pocket limit</u> - \$ An amount that does not exceed \$2-generic/preferred multiple source and \$5-other drugs
Non-full benefit dual eligible beneficiary -with income below 150% FPL and -with assets that do not exceed \$10,000 (individuals) or \$20,000(couples)	Sliding scale premium subsidy	<u>up to out-of-pocket limit</u> \$50 deductible 15% coinsurance <u>above out-of-pocket limit</u> - \$ An amount that does not exceed \$2-generic/preferred multiple source and \$5-other drugs

Visual - Full Subsidy

Numbers are for 2006.

Out-of-pocket spending for beneficiaries $\geq 150\%$ FPL
or less than 150% FPL but more than the asset limit
\$37 / month estimated premium

 Covered Benefit
 Beneficiary Pays



Individuals with income $< 135\%$ FPL who meet resource test and Full-benefit dual eligibles for Medicaid who are beneficiaries $> 100\%$ FPL
\$0 premium up to premium subsidy amount



Full-benefit dual eligibles who are beneficiaries $\leq 100\%$ FPL*
\$0 premium up to premium subsidy amount



*Cost sharing is \$0 if the beneficiary is a full-benefit dual eligible and institutionalized.

Visual - Other Low-income Subsidy

Out-of-pocket spending for Beneficiaries $\geq 150\%$ FPL
or less than 150% FPL but more than the asset limit
\$37 / month estimated premium

 Covered benefit
 Beneficiary Pays



Beneficiaries $< 150\%$ FPL who also meet the asset test
(\$10k individual / \$20k couple)
Sliding scale premium assistance



*Numbers are for 2006

Premium Subsidy Amount

- The premium subsidy amount is equal to the lesser of:
 - (1) The basic premium for Part D coverage under the plan selected by the beneficiary, or
 - (2) the greater of
 - (A) the low-income benchmark premium for a PDP region or
 - (B) the lowest monthly beneficiary premium for a prescription drug plan that offers basic prescription drug coverage in the PDP region.

Sliding Scale Premium Assistance

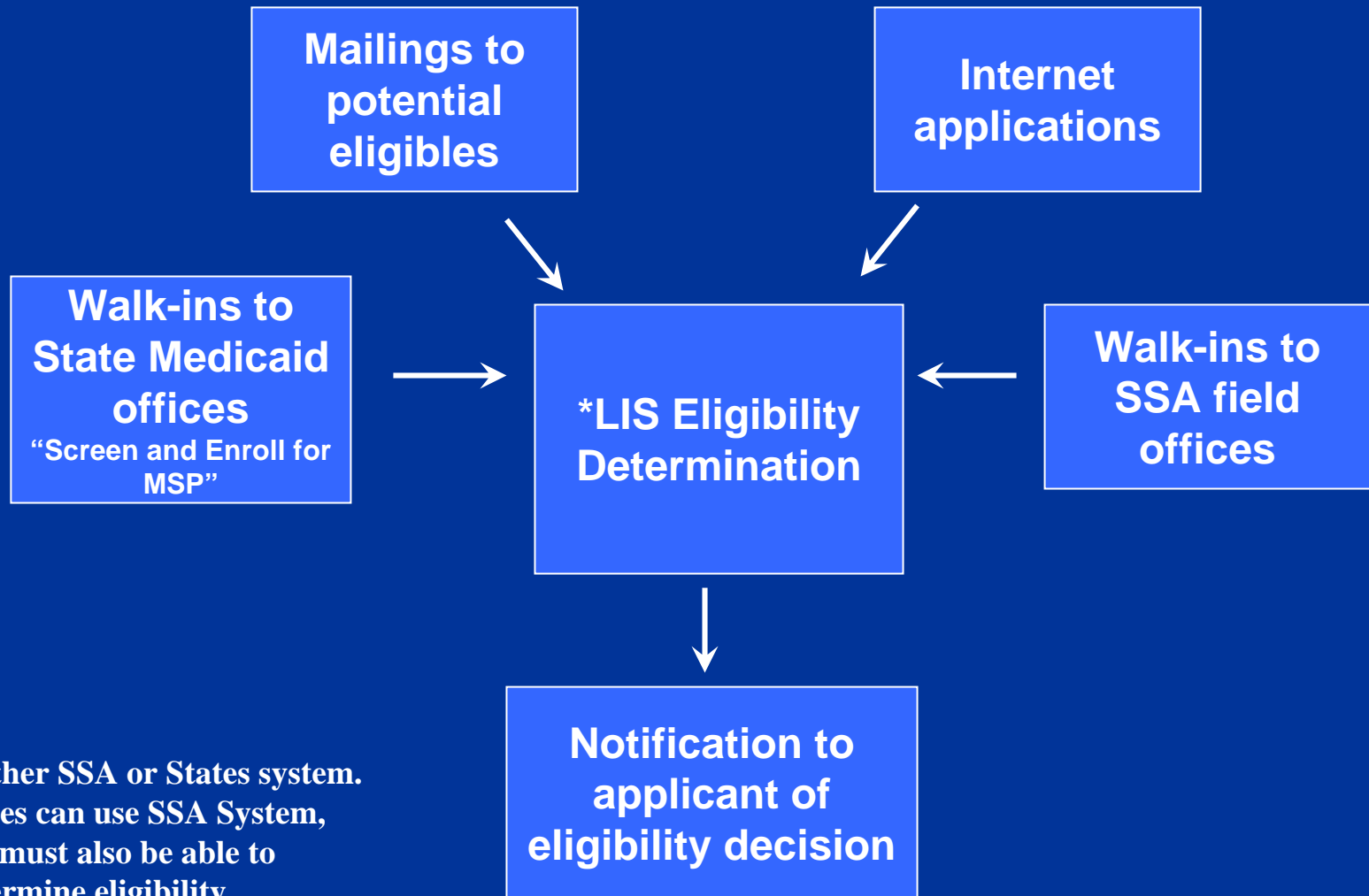
FPL & Assets	% of Premium Subsidy Amount
Income at or below 135% FPL, and with assets that do not exceed \$10,000 (individuals) or \$20,000 (couples)	100%
Income above 135% FPL but at or below 140% FPL, and with assets that do not exceed \$10,000 (individuals) or \$20,000 (couples)	75%
Income above 140% FPL but at or below 145% FPL, and with assets that do not exceed \$10,000 (individuals) or \$20,000 (couples)	50%
Income above 145% FPL but below 150% FPL, and with assets that do not exceed \$10,000 (individuals) or \$20,000 (couples)	25%

*Numbers are for 2006

Process for Receiving the Low-Income Subsidy

Mechanism	Subsidy Group
Deemed – By law treated as full subsidy eligible	<ul style="list-style-type: none">• Full Benefit Dual Eligibles• SSI recipients
Deemed – By regulation treated as Full Subsidy eligible	Medicare Savings Program Groups (QMB, SLMB, QI)
Must File Application	All Other Subsidy Eligible beneficiaries

The Process for Applying



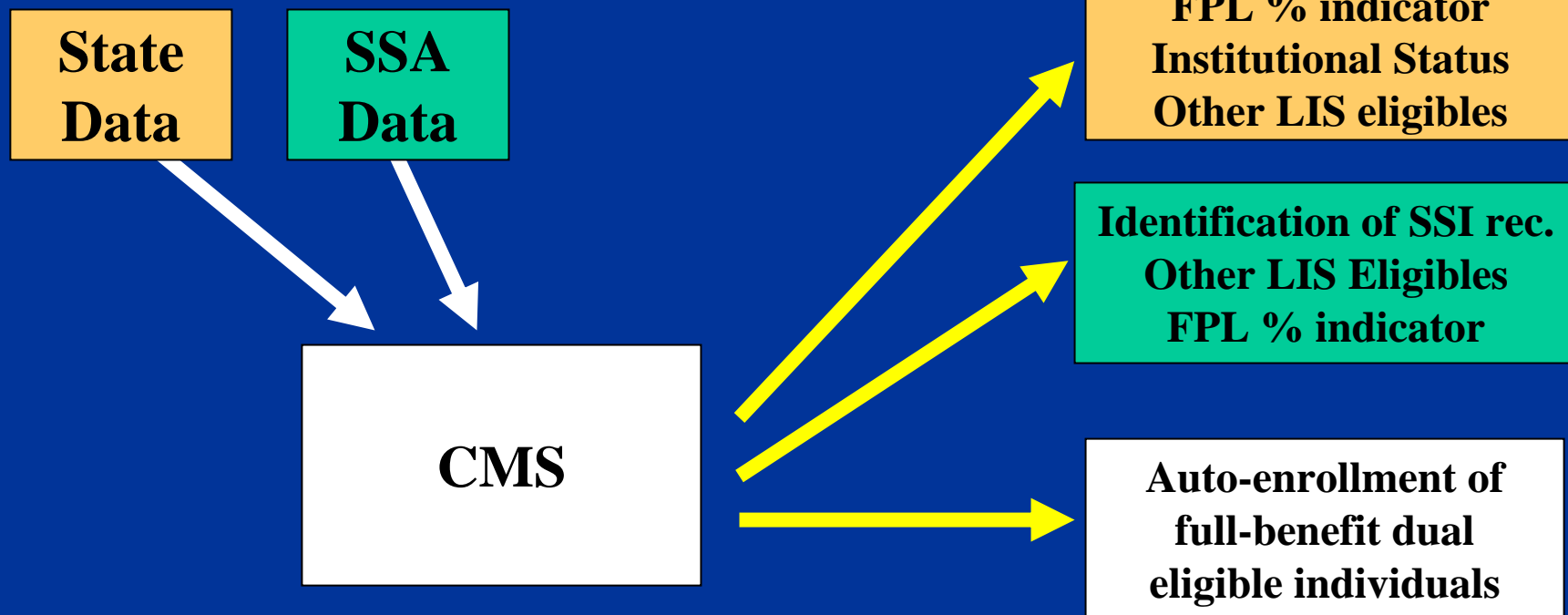
***Either SSA or States system.
States can use SSA System,
but must also be able to
determine eligibility.**

Important Data Elements

- **For purposes of sliding scale premiums**
 - Income basis (% of FPL)
- **For purposes of identifying cost-sharing reductions**
 - Dual status
 - Institutional Status
 - FPL % indicator (above 100% or at or below 100%)

Enrollment Data Sharing

Important for
Plan Info



Low-Income Subsidy Administration

Reduction of premium or cost-sharing by the Part D sponsor:

- The Part D sponsor must reduce the individual's premiums and cost-sharing as applicable and provide information to CMS.
- The Part D sponsor must track the application of the low-income cost-sharing subsidies to be applied to the out-of-pocket threshold.

Low-Income Subsidy Reimbursement

Reimbursement for cost-sharing paid before notification of eligibility for low-income subsidy.

- The Part D sponsor must reimburse low-income subsidy eligible individuals, and organizations paying cost-sharing on the behalf of such individuals, any out-of-pocket costs relating to excess premiums and cost-sharing paid by such individuals or organizations after the individual's eligibility for a subsidy.

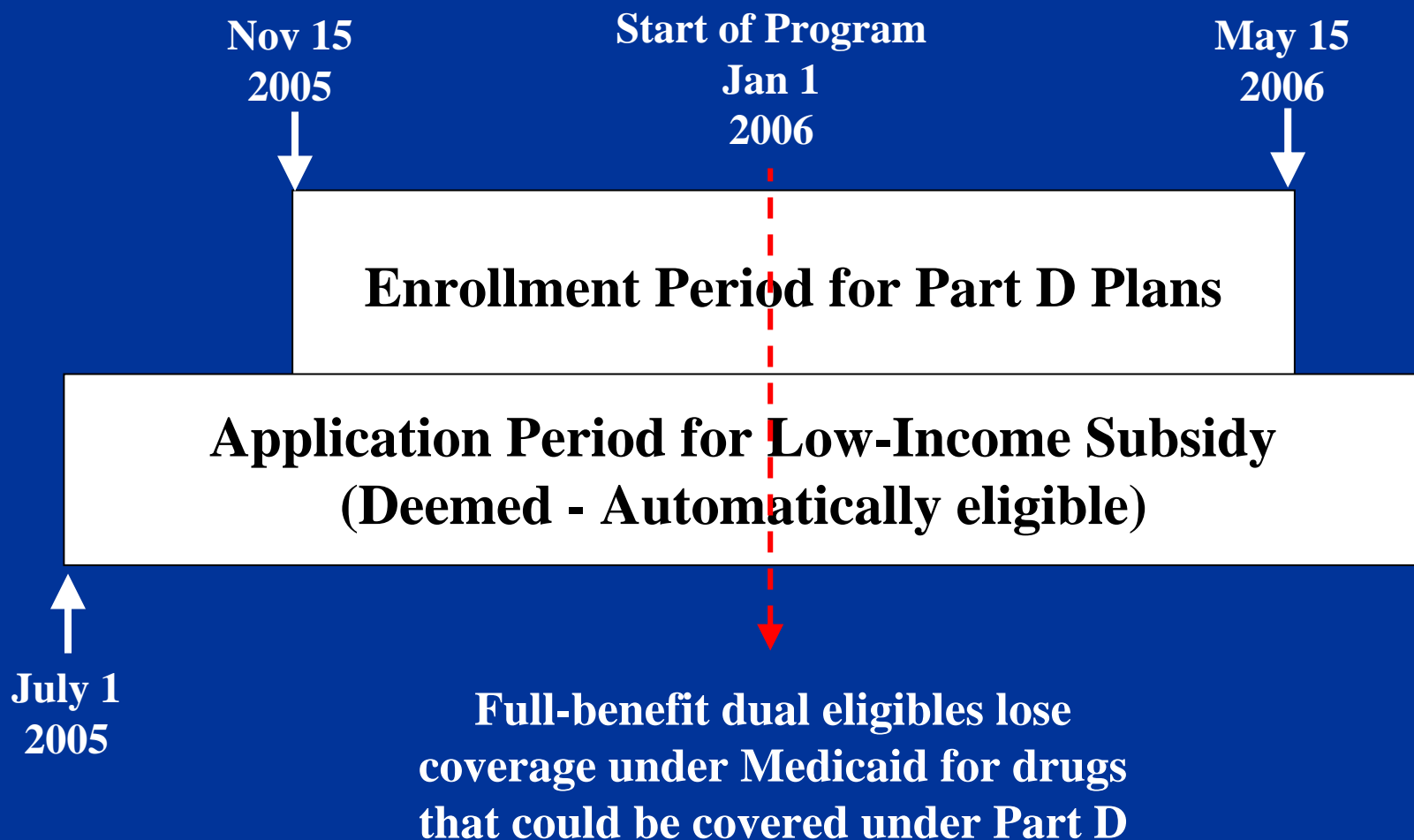
Dual Eligible Coverage

- As of January 1, 2006, there will be no Medicaid match available for Part D prescription drugs provided to full-benefit duals.
- Once the Medicare drug benefit is effective, States will make a contribution payment for full-benefit dual eligibles.

Dual Eligible Coverage

- Full-benefit dual eligibles will be randomly enrolled to a plan before January 1, 2006 if they do not select a plan
 - To PDP (if in FFS Medicare)
 - Facilitated enrollment to an MA-PD (if in Medicare Advantage plan)
 - Ability to opt-out of the plan
 - Can choose another plan at any time

Enrollment Timeline



Territories

- Residents of territories are not eligible to participate in the low-income subsidy program.
- Territories may submit a plan under Medicaid to assist low-income beneficiaries in obtaining covered Part D drugs.

Closing/Questions